

ASSEMBLY BILL

No. 209

**Introduced by Assembly Members Patterson, Bigelow, Brough,
and Melendez
(Coauthors: Assembly Members Travis Allen, Harper, Lackey, and
Linder)**

February 2, 2015

An act to add Section 17206.2 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL’S DIGEST

AB 209, as introduced, Patterson. Tax deductions: 529 college savings plans.

The Personal Income Tax Law, in modified conformity with federal income tax laws, allows various deductions in computing the income that is subject to the taxes imposed by that law.

This bill, for taxable years beginning on or after January 1, 2015, would allow as a deduction under that law the lesser of (1) the amount contributed by a qualified taxpayer, as defined, to a qualified tuition program, as specified, or (2) \$3,000 in the case of a qualified taxpayer who is single or is a married individual filing a separate return, and \$6,000 in the case of a qualified taxpayer who is a married individual filing a joint return or an individual filing a head of household return.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 17206.2 is added to the Revenue and Taxation Code, to read:

17206.2. (a) For taxable years beginning on or after January 1, 2015, there shall be allowed as a deduction the lesser of the amount contributed by a qualified taxpayer during the taxable year to a qualified tuition program under Section 529 of the Internal Revenue Code, as modified by Section 17140.3, or the applicable amount determined under paragraph (2) of subdivision (b).

(b) For purposes of this section, all of the following apply:

(1) Section 67(b) of the Internal Revenue Code, relating to the definition of miscellaneous itemized deductions, is modified to additionally provide that the deduction allowed under this section is an itemized deduction that is not subject to the 2 percent floor on itemized deductions under Section 67(a) of the Internal Revenue Code.

(2) The amount allowed as a deduction under subdivision (a) shall not exceed the following:

(A) In the case of a qualified taxpayer who is single or is a married individual filing a separate return, three thousand dollars (\$3,000).

(B) In the case of a qualified taxpayer who is a married individual filing a joint return or an individual filing a head of household return, six thousand dollars (\$6,000).

(3) “Qualified taxpayer” means an individual who, on behalf of a beneficiary, contributes money to a qualified tuition program and meets all of the other applicable requirements of Section 529 of the Internal Revenue Code, as modified by Section 17140.3.

(c) The deduction under subdivision (a) shall be taken with respect to the taxable year in which the contribution is made.

SEC. 2. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.